

India: New concession pact to ease port projects

The Cabinet this week approved amendments to the model concession agreement (MCA) to make port projects more investor-friendly and make investment climate in the sector more attractive. For existing port projects, the government has formed a panel under Finance Minister Arun Jaitley to iron out implementation issues. Shipping Minister Nitin Gadkari said contractual issues or other such hurdles in the execution of the existing 10-12 port projects would be resolved by the committee headed by Jaitley, which would have representatives from the NITI Aayog and the Ministry of Law and Justice. The amendments in the MCA envisage constitution of a Society for Affordable Redressal of Disputes-Ports (SAROD-PORTS), similar to the provision available in the highway sector. Another salient feature of the revised MCA include the provision of an exit route to developers by way of divesting their entire equity after completion of two years from the commercial operation date. For additional land to concessionaire, rent has been reduced from 200 per cent to 120 per cent of the applicable scale of rates. The concessionaire would pay a royalty on "per MT of cargo/TEU handled" (or the ship's cargo carrying capacity), which would be indexed to the variations in the Wholesale Price Index.

Abu Dhabi Ports looks to the East for growth

Toward the end of 2017, Abu Dhabi Ports has made two major announcements regarding its plans for giving Port Khalifa a solid growth plan going into the new year. The first was the confirmation of an agreement with COSCO for the Chinese shipping company to shift its primary hub of Middle East operations from Jebel Ali Port to Port Khalifa. The move will be made as part of the shipping giant's plans to develop a huge container freight terminal at the port. Abu Dhabi Ports and COSCO Shipping Ports Limited (CSP) held a ground-breaking ceremony for the CSP Abu Dhabi Container Terminal at Port Khalifa in November, marking the start of the shipping giant's plan to expand Port Khalifa's annual container handling capacity by 3.5-million TEU. A new agreement between CSP, the world's leading ports operator, and Abu Dhabi Ports was also signed during the ceremony for development of the largest container freight station in the region. The new Container Freight Station will provide Abu Dhabi trade with a state of the art facility offering bonded LCL/FCL consolidation and de-consolidation services, cross stuffing, cargo weight reduction, short term warehousing for de-consolidated cargo as well as easy connectivity with the container terminals in Khalifa Port.

Oman gets funding from Saudi Arabia to develop Duqm Port

Saudi Arabia is to provide USD 201 million grant to Oman that will be used for two development projects at the Port of Duqm. The Saudi Fund for Development and the Omani government have signed two memorandam of understanding (MOUs) for financing the projects. The first grant, worth OMR 20 million (USD 51.8 million) will be used for financing a road from the middle to the south of ADuqm city. With the second funding, amounting to OMR 61 million (USD 158.2 million), Oman intends to finance the fishing harbor in Duqm. Darwish al-Balushi, Omani Minister of Finance explained that the grants will help develop the Special Economic Zone in Duqm (SEZD) and increase the capacity of the fishing harbor. The funding is part of developing economic cooperation between Saudi Arabia and Oman and the joint program for the development of Gulf Cooperation Council (GCC) states. Under its development plan, the Port of Duqm, located on the southeastern seabed of Oman, is poised to become an integrated center for multimodal logistics services. The Port of Duqm is managed by Port Duqm Company SAOG, a joint venture between the Omani government and Belgium's Port of Antwerp.

Japanese carriers optimistic ahead of ONE merger

The CEO of Mitsui O.S.K. Lines (MOL) and the President of Kawasaki Kisen Kaisha (K Line) have released positive statements about what the future will hold for the two Japanese carrier lines in 2018 as they prepare to merge with Japan's third largest container shipping company, Nippon Yusen Kaisha (NYK), to secure their profitability into the future. Scheduled for April 2018, the companies will merge into Ocean Network Express (ONE) and will rank sixth in terms of global ranking by vessel capacity after the merger — a combined 1.48 million TEU on 234 ships; well above Evergreen's 1.1 million TEU and just behind Hapag-Lloyd's 1.56 million TEU. With a combined orderbook of around 187,000 TEU in 2018, ONE has the potential to eclipse Hapag-Lloyd, which has no ships on order. A primary function for ONE will be to reduce costs by cutting out duplicated sailings. According to reports, the companies say they expect to save ¥50bn (US\$ 440 million) in costs in the first fiscal year ending 31 March 2019, and ¥110bn (US\$ 941 million) a year thereafter. Tadaaki Naito, President, NYK, said that the carrier line, which has a 38% stake — compared with the 31% each held by K Line and MOL, would aim to commence services from April and that "the difficult work of bringing the company to life is continuing".

Saudi Arabia's New Maritime Yard JV Launched, First Orders Already Secured

Saudi Aramco and its partners Hyundai Heavy Industries (HHI), the National Shipping Company of Saudi Arabia (Bahri), and Lamprell Plc have officially launched their International Maritime Industries (IMI) joint venture. Initial production and service operations are expected to commence in 2019, with the facility reaching its full operational capacity by 2022. The nearly 12 million square-meter facility to be situated in Ras Al Khair in eastern Saudi Arabia will be the largest in the region in terms of production capacity and scale, and will be able to manufacture over 40 vessels including three very large crude carriers (VLCCs), four offshore rigs and service over 260 maritime products, as indicated by Saudi Aramco. This scope is expected to enable Saudi Aramco and its supply chain partners to meet their manufacturing and MRO requirements for offshore oil and gas rigs, offshore support vessels, and commercial vessels, including crude carriers. According to Al-Saadon, the yard already has orders for more than 20 rigs and 52 ships over the next decade. International Maritime Industries' senior executives have also been appointed including Fathi K. Al-Saleem as CEO.

Iran Shipping Lines subsidiary launches Khorramshahr-Sohar service

The Bulk and General Cargo Carriage Company, a subsidiary of the Islamic Republic of Iran Shipping Lines, has launched a new freight service between the ports of Khorramshahr and Sohar. Oman's ambassador to Iran, Saud bin Ahmad Khalid al-Barwani, said the new shipping route would boost trade between the two countries and told at the announcement ceremony that Oman was interested in setting up regular shipping services between other Iranian ports. "Oman is willing to start more shipping lines with other Iranian ports, and a joint airline between the two sides is also on the agenda," he added. Mohsen Zarrabi, head of Iran-Oman Chamber of Commerce, Industries, Mining and Agriculture, added that Iran-Oman trade was seeing rapid growth. "The trade volume with Oman was US \$148 million in 2013, but it reached US \$540 million last year and is expected to reach US \$5 billion in the next four years," Mohsen Zarrabi described the establishment of new shipping routes between the two countries as one of the most important infrastructures to increase trade volumes. "Fortunately, the Khorramshahr-Sohar shipping line has been built by two private companies in Iran, and now the registration of companies, obtaining visas and staying in Oman is easier than the past," he added.

DP World Subcontinent becomes first container port operator in India to handle 50 m TEUs

DP World's Subcontinent region has set yet another industry benchmark by being the first container port operator in India to successfully handle more than 50 million TEUs across its terminals. The global terminal operator achieved this landmark by handling more than 30,000 container vessels in various of ports of the country while serving international trade routes according to an official release. The terminals have also contributed to the growth of India's container trade and economic development. DP World commenced terminal operation in India in 1999 with the inauguration of the country's first PPP project; the Nhava Sheva International Container Terminal (NSICT). As the first private container terminal operator, DP World has been a pioneer in transforming India's maritime and logistics sector by introducing global standards of operations for efficiency and cost-effectiveness. Mr Rizwan Soomar, CEO and Managing Director, DP World Subcontinent, said, "Since the last two decades, DP World has played a key role in the development of India's port sector. Today, we have successfully introduced a series of new services and technological innovations that have strengthened supply chains, benefitting Indian industries. India is one of our most important markets and we continue to focus on supporting its growth over the long term."

Eye on Indian Ocean: China to invest \$1 billion in mega Sri Lanka project

China will invest \$1 billion in the construction of three 60-storey buildings at a mega-project near Sri Lanka's main port, Colombo said on Tuesday, as Beijing aims to boost its influence in the Indian Ocean. The deal follows an earlier Chinese investment of \$1.4 billion to carry out reclamation work for the wider Colombo International Financial City development, strategically located next to Sri Lanka's harbour, the only deep sea container port in the region. The countries hope the project, initiated by former Sri Lankan president Mahinda Rajapakse, will create a financial centre in the Indian Ocean comparable with those in Singapore and Europe, drawing billions in foreign investment and thousands of jobs. Sri Lankan officials said 60 per cent of the 269 hectare (672 acre) reclamation, due to finish next year complete with yacht marina, had already been completed. No completion date was given for the buildings, the first for the development. "China Harbour (company) will put in \$1 billion to build three buildings," Sri Lanka's urban development minister Champika Ranawaka told reporters in the capital. "These three 60-storey buildings will be able to attract more foreign companies into Sri Lanka."

India: Cruise tourists with e-visas exempt from biometric enrolment

To make India attractive to cruise passengers and to promote cruise tourism in the country, the Ministry of Home Affairs has, at the request of the Ministry of Shipping, exempted cruise tourists arriving with e-visa from the requirement of biometric enrolment for a period of three years, i.e. till December 31, 2020. This will facilitate expeditious immigration clearance of cruise passengers with e-visa, enabling them to spend more time on shore. Exemption of biometric on arrival of cruise is an important deciding criteria for cruise lines to include a destination in their itinerary, said a Mumbai Port Trust release. The Ministry of Shipping has been working towards providing customer-friendly and hassle-free logistics process for embarking and disembarking of passengers through a simplified immigration clearance procedure. As per the schedule of arrivals of cruise vessels during the current cruise season 2017-18 and 2019-20, many of the ships coming to India are mega ships with 2,000-4,000 passengers on board. E-visa has been in place in the five Major Ports in India, i.e. Mumbai, Mormugao, New Mangalore, Cochin and Chennai. Most of the cruise passengers are expected to arrive on e-visa. Biometrics of the passengers was required at port of first arrival for immigration clearance.

Multimodal freight train heading for Moscow

China COSCO Shipping Corp Ltd's first China-Russia multimodal transportation service kicked off from Tianjin, headed for Moscow with 46 containers measuring 40 feet (1,220 cm) long. The train will also stop in Erenhot, the Inner Mongolia autonomous region; Zhamyn-Uud, Mongolia; and Naushki, Russia. It will take 14 days to complete the 7,600 kilometer trip to Moscow. The train will start once each week from Tianjin and Moscow. The first train is loaded with automobile parts, telecom equipment, craftsmanship works, garments and electronic appliances shipped by COSCO Shipping from southern and eastern China to Tianjin, according to Liang Yongcen, president of the Tianjin Port Group. The Tianjin Port will significantly benefit from the China-Mongolia-Russia Corridor and it is beefing up efforts to enhance the strength of the multimodal transportation services, thanks to the Belt and Road Initiative, Liang said. COSCO Shipping and China Railway Corp recently announced enhancements to their partnership in train and rail services. More multimodal transportation services are in the pipeline from Shanghai, Lianyungang, Jiangsu province, and Qingdao, Shandong province, connecting ports and railways, said Huang Xiaowen, vice-president of COSCO Shipping.